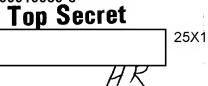
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# National Intelligence Bulletin

State Dept. review completed

DIA review(s) completed.

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#### **LEBANON**

The security situation in Beirut improved again yesterday.

Some minor incidents occurred, but the city's commercial life gathered momentum with banks and most businesses open. Evening curfew hours were reduced. Lebanese security officials are said to believe that the parties to the conflict are serious about implementing the cease-fire.

Syrian actions continue to be a major factor in the improved situation. Zuhayr Muhsin, leader of the Syrian-controlled Saiqa fedayeen organization, has been

mediating between the Christians and the Muslims in the Tripoli area, where the situation yesterday was described as calm.

At a meeting of the national conciliation committee on Monday, the members dealt for the first time with the fundamental problems of the crisis. Leftist leader Kamal Jumblatt and Phalangist leader Pierre Jumayyil were named to a subcommittee set up to examine political problems. It was agreed that each member might designate a replacement to attend meetings-a move that may have been designed to give Jumblatt and Jumayyil a way of avoiding a personal confrontation.

In any event, there is still no indication that the Phalangists are ready to agree to the modification of the existing government structure that would give the Muslims greater political power. The national conciliation committee met again yesterday after which Prime Minister Karami announced that the subcommittee on political problems would hold its first meeting tomorrow.

The cabinet met yesterday and agreed that Foreign Minister Tagla would attend the Arab foreign ministers' conference convening in Cairo today to consider the Lebanese crisis. Lebanese leaders, however, are divided on the value of the conference. Phalangist leader Jumayyil supports its convening, but leftist leader Jumblatt has stated that the crisis is an internal matter and that the meeting is unnecessary. Jumblatt noted, however, that Lebanon is forced to attend.

Syria and the PLO reportedly have decided not to attend. The Syrians, who consider Lebanon to be within their sphere of influence, oppose "Arabizing" the crisis. A PLO spokesman described it as an attempt to divert attention from the recent Sinai agreement.

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Cairo, concerned that the meeting will be used as a forum by critics of the Sinai agreement, presumably will not be displeased by the absence of the PLO or Syria.

#### **PORTUGAL**

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The government reportedly ended the mutiny in Porto by making some concessions to the dissident soldiers' demands.

The rebels took over the regiment a week ago in retaliation for the disbandment of a leftist transportation unit by the northern military region commander, General Pires Veloso. Veloso refused to negotiate with the troops and remained firm in his determination to restore discipline in the units under his command.

The dissident soldiers vowed to end the dispute only if the transportation unit was reconstituted with the original personnel. Other demands included the resignation of General Veloso and the return of radical officers to positions of power.

The army commander in chief, General Carlos Fabiao, flew to Porto yesterday to discuss the situation with both Veloso and the rebels. Representatives of the radical military organization "Soldiers United Will Win" had invited Fabiao to visit the regiment. Fabiao proposed that the transportation regiment be reconstituted as an operational combat unit. The unit, known as a haven for sons of the upper class, had avoided any combat role. He agreed that the unit's new name would be the "Detachment of the 25th of April," after the date of the military coup that overthrew the right-wing government last year.

The compromise with the rebels undercuts Veloso's drive to restore discipline and could lead to further problems with the military. It is not clear whether Fabiao, whose sympathy for the Azevedo government has become more suspect in recent days, had the full support of Lisbon in conceding to the dissidents. It is possible that the regime may have felt that it could regain control of the regiment by removing its exclusive status or, failing that, at least gain some time.

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MOROCCO-SPAIN

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Hassan may be trying to create an atmosphere conducive to bilateral negotiations with Madrid. The King undoubtedly can be expected to express concern over a UN group's fact-finding report that recommends "consultation" with the Saharan people to determine their wishes. The report, however, stops short of backing a referendum. Morocco opposes a referendum on the grounds of historic sovereignty over the region. Hassan is also concerned that the International Court of Justice's advisory opinion, reportedly to be delivered tomorrow, may go against Moroccan and Mauritanian claims to the territory.

Madrid views the threat of imminent hostilities as receding, and probably would welcome negotiations with Morocco. A high-level Spanish official indicated as much to a US embassy officer in Madrid last weekend. He said Madrid was even willing to stage a referendum in Spanish Sahara whereby Saharans would vote for "association" with Morocco.

Spain still seems unwilling to disregard Algeria's interests, however, and this could be the stumbling block. The Spanish official expressed the view that to settle the dispute, Algeria and Morocco would also have to reach agreement.

In a speech to the UN General Assembly last week, Algerian Foreign Minister Bouteflika unequivocally supported a referendum, "supervised and guaranteed by the UN," on self-determination for Spanish Sahara. The Algerians would almost certainly oppose any attempt by Morocco or Spain to rig a referendum.

If a referendum is held free of Spanish control, the vote is likely to favor independence rather than union with Morocco.

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#### LATIN AMERICA

Latin American and Caribbean ministers are meeting in Panama today to establish the Latin American Economic System (SELA), a vehicle to defend and promote the region's developmental aspirations.

The organization, which will be open only to developing countries of the area, and therefore not to the US, seeks to promote multilateral schemes for economic development and to serve as a vehicle for formulating common positions that might be presented to the US and other developed countries, as well as to international forums.

Some key questions about how SELA will operate remain. The debate grows out of concern among some of the governments, particularly Brazil, about the "supranational" character of the system. Brazil wants SELA's decisions to be unanimous, so as to avoid association with majority-imposed decisions Brasilia might not like. The ministers will probably be able to agree that majority decisions would be operative, but not binding, on governments that abstain or oppose.

The relutance of Brazil and other countries to participate in the creation of SELA has receded before the insistence of its promoters that the organization will not be an adversary political device aimed at the US. The low-key, noncontentious behavior of the Cubans in the working sessions has also added to SELA's respectability.

In large part, however, establishment of SELA will be another tribute to the continuing admiration of the OPEC example by the less developed nations, which believe that their unified pressure tactics are slowly but surely winning victories against a stubborn club of rich nations.

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#### **FRANCE**

The US defense attache in Paris reports that President Giscard d'Estaing has reversed the policy of his predecessor, Georges Pompidou, on the authorization to use tactical nuclear weapons. A presidential order to commit France's main battle force—the First Army and associated tactical air forces—now no longer carries with it the authority to use tactical nuclear weapons.

Under the guidelines said to have been signed by Pompidou during his last days in office, the commander of the main French battle forces would determine the precise time and place for using such weapons, once the president had given the order to commit these forces. Giscard has modified this policy: when the First Army is committed to action it will carry nuclear weapons, but release authority can come only from the president himself.

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**USSR** 

The launch of Cosmos 775 last week suggests that the Soviets may be establishing the "three-tier" meteorological satellite system they have been talking about for many years.

The Soviets have described such a system in their public literature, referring to a manned satellite in near-earth orbit, an improved Meteor satellite in a medium-altitude orbit, and a stationary satellite over the Indian Ocean.

Last July, the Soviets launched the first of a new series of Meteor satellites—designated Meteor 2—into a medium-altitude orbit. The Meteor 2 is probably an improved version of the Meteor 1, the first of which was launched in 1969.

A future manned space station using the Salyut spacecraft could provide the low-altitude portion of the three tiers.

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#### **AUSTRALIA**

Prime Minister Whitlam yesterday forced the resignation of his minerals and energy minister, Rex Connor, as a result of a long-simmering controversy surrounding the same overseas loan scandal that led to the firing of Deputy Prime Minister Cairns last July.

Connor's departure has sparked renewed speculation that the opposition Liberal Party may decide to force early general elections. Liberal Party leader Fraser has thus far been unwilling to throw down the gauntlet, despite the Labor government's record low public standing and prodding from his own party and the National Country Party, the junior partner in the opposition coalition.

The Liberals won a series of landslide wins in local contests this year, but Fraser has been concerned that his Labor Party is not sufficiently unified to take on the responsibilities of governing. He apparently also believes his party should wait until the economic picture brightens in order to avoid being saddled with Australia's deep economic problems.

Fraser now will undoubtedly take new political soundings to determine how much disarray the latest chapter in the Whitlam government's problems has caused in Labor Party circles. Despite Fraser's many reservations, he may be tempted to change his mind on early elections.

The immediate impact of Con	onnor's departure may be a less restrictive national
policy on minerals. Connor had b	been more nationalistic than Whitlam regarding
foreign investment in these fields.	

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#### **SOUTH KOREA**

Seoul is taking steps to counter North Korea's guided-missile boat force.

According to a report from the defense attache's office in Seoul, two motor gunboats equipped with the US Standard naval cruise missile became operational in early September. A third gunboat similarly equipped was slated to be operational later in the month, and a fourth should follow in the next month or two.

These developments reflect Seoul's long-standing concern over the Styx cruise missiles on North Korea's 18 guided-missile boats. The Standard is a match for the Styx and will significantly increase Seoul's naval firepower when all four boats are operational.

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#### FOR THE RECORD

PANAMA: Panama's celebration on October 11 of the 1968 "revolution" that brought General Omar Torrijos to power was a peaceful, generally restrained affair, with the size of the crowd—about 35,000—falling far short of government expectations. Torrijos' speech emphasized the need for patience during prolonged canal treaty negotiations. Government preventive measures helped ensure the complete absence of anti-US demonstrations or other violence, which the administration felt would mar the image it sought to project of a responsible, popularly supported government.
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